

**FITNESS AK: APPLYING THE PROJECT MANAGEMENT
TOOLS AND PRINCIPLES TO A BUSINESS PLAN**

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Table of Contents

	Page
Title Page	1
Table of Contents	3
List of Exhibits.....	5
List of Appendices	6
Abstract	7
Introduction.....	8
Project Team	8
Planning	9
Scope and Schedule	10
Risk Management	11
Research Methodology	12
First Hand Knowledge	12
Interview(s) with Gym Owners in Anchorage	13
Online Research of Fitness Centers, Small Businesses, and Entrepreneurial Communities	13
Market and Demographics research from official Borough and National databases.....	14
In-person visits of potential locations and local competition.....	14
Academic Sources from the UAA Consortium Library.....	14
Execution	15
Risk Realization	15
Data Collection	16
Market	16
Location	17
Marketing Plan	17
Website	17
Equipment	18

Operations	18
Reduction in Scope	19
Progress Tracking	19
Analysis	20
Market Analysis	20
Demographics	20
Competition.....	21
Location Analysis	23
Rent and Renovate	23
Purchase a Building and Renovate.....	24
Purchase Land and Build	24
Marketing Plan.....	24
Equipment.....	26
Exercise Equipment	26
Additional Facility Equipment.....	27
Operations	27
Conclusions.....	28
Recommendations for Further Research.....	29
References.....	30
Appendices.....	31

List of Exhibits

	Page
Exhibit 1 -Mat Su Borough CDPs Population and Percentage Growth from 2010-15.....	20
Exhibit 2 – List of Gyms in Palmer/Wasilla with Pricing and Options.....	21

List of Appendices

	Page
Appendix A – Project Charter.....	31
Appendix B – Requirements Traceability Matrix.....	33
Appendix C – Project Management Plan.....	35
Appendix D – Risk Register.....	51
Appendix E – Web services development quote.....	53

Abstract

Fitness Alaska is a business opportunity centering on creating a fitness center near Palmer, AK in order to capitalize on growing demand for health and wellness. This project will focus on the creation of a business plan and document the research necessary to plan and predict the costs associated with opening a fitness center. The business will be concentrated on a medium space concept (7000-10000 sq/ft) based around cardiovascular and resistance circuit training, personal training, and a shake bar for members.

The purpose of this project was to apply project management principles to create a business plan and assess the feasibility for a fitness center near Palmer, AK. Project Management lent a vital amount of structure to a process that was unfamiliar to the researcher, allowing work to be broken into logical portions and completed within a constrained time period. The Palmer surrounding area population grew by 14.3% between 2010 and 2015 and projects to continue. The market favorability and the gap in services for a medium sized fitness center in the Palmer area have created an opportunity to be filled. This project details the business case analysis of the Palmer area to make recommendations for such a business.

FITNESS AK: APPLYING THE PROJECT MANAGEMENT TOOLS AND PRINCIPLES TO A BUSINESS PLAN

Introduction

Project Management is a versatile methodology and its flexibility and value are what led me to major in the discipline. The project manager spent over a decade in the military and was engorged on Project Management without even realizing it as the principles that exist within the discipline applied perfectly in that environment. Each mission was its own unique endeavor, with its own unique resources and constraints. Each was a challenge to be overcome, whether it was establishing a communications base in the Middle East, or training soldiers back in their home station. Following a career in the Army, the project manager's ambition was to open and own a business. He sought out further instruction in Project Management to refine the experience gained in the military and apply it to a lifelong dream. The project manager was presented with an opportunity to do so in the middle of the University of Alaska Anchorage (UAA) Project Management Master's program when a friend described an interest in opening a fitness center in their hometown of Palmer, Alaska. The project manager began the process of planning what would go into researching the feasibility of opening such a business in his second semester of the Project Management program and ultimately settled on it as the focus of this capstone.

Project Management provided the direction and the plan to facilitate this research, as the project team had never done anything similar to this kind of project before. A framework was necessary to guide the research and help steer the project in the proper direction as well as put together the feasibility analysis of opening a fitness center in Palmer. In addition, the project would provide a business plan that could be built upon in a future project if the feasibility analysis results were positive. The capstone project would provide valuable experience and knowledge in regards to starting a business from scratch as well as improve the team's ability to schedule, project risks, and analyze data. At the end of this project, the project manager would know if this particular path would allow for the completion of a dream of putting a stake of his future into something that he helped build from the ground up.

Project Team

The project team for this capstone consisted of the author in the role of the Project Manager, his business partner, a fitness trainer with over a decade of management experience in the Matanuska Susitna (Mat Su) Valley, and the project advisory team of my instructors in Project Management from the UAA. The bulk

of the research and analysis was planned to be completed by the project manager with assistance from his business partner for market research and best practices in the operation of a fitness center.

Planning

Creation of the Project Charter was a result of applying the Initiating Phase steps of Project Management by developing a business case for the scenario with the expert assistance of the business partner. The market demand had to be researched for the region in order to adequately determine if such a business was feasible for the Palmer area, the organizational needs of the business had to be considered, and the legal requirements had to be considered for what the end state of opening a business was. That final goal was not feasible within the framework of this project, due to time constraints and the very real risk of not having enough time to determine the feasibility of the business in the Palmer market. As a result, this project was set to focus on determining the feasibility of opening a fitness center in Palmer rather than the actual opening of the business. This pushed the project into a heavy research focus.

Having a rough idea of a business case and a goal of creating a research project in order to determine the feasibility of opening a fitness center in Palmer, the project was initiated in August 2017 and the Charter was written (see Appendix A – Project Charter). The project would be built from a schedule focusing on researching the various key topics of opening a fitness center with the final deliverable being a business plan with the results of my research. Research topics were decomposed into group topics to set boundaries for each in order to follow best practices and allow for the formation of a feasible Work Breakdown Structure (WBS) and schedule. The project was constrained by a May 2017 end date in order to meet the hard deadline of the end of my final semester in the Project Management program.

Per the Project Management Body of Knowledge, the next step was to build a Project Management Plan (PMP) using the Project Charter as an input along with Organizational Assets. The most valuable asset to the team from a knowledge perspective was a primary stakeholder, the business partner. His knowledge and experiences in the fitness industry as a manager and a personal trainer were tools that were relied upon heavily to create parts of the PMP. Between the project manager's knowledge of Project Management and its processes, and the business partner's knowledge of fitness centers and the fitness industry, the project team was able to apply the Expert Judgment PMP Tool and Technique in order to tailor the work of the project to match the needs of a research project on the topic of fitness centers. This allowed the research to be more pointed and focused, and help set the framework for a schedule that would be built for the project.

Scope and Schedule

The two largest pieces in terms of deliverable and impact to this particular project were the scope and the estimated schedule of the research to be done. Research began at this point with the assistance of the business partner to apply project best practices of collecting requirements for the project to determine scope. The project team came up with a list of topics that needed to be researched:

- The Palmer area market and its demographics
- Location analysis of the Palmer area and the Mat-Su
- Marketing to the region
- Creating and maintaining a website for the business
- Fitness Equipment
- Operations Plan for a fitness center
- Employee Management

From this list a framework was created for a WBS and the Requirements Traceability Matrix (See Appendix B – Requirements Traceability Matrix). Each of these topics were broken down into further smaller requirements which provided a necessary framework for the research needed to go into and report on them. Thanks to this structure, the WBS was much simpler to write and the scope of the project was well defined for the team.

Decomposition of the requirements fit well into the WBS and the primary task at that point was ordering the tasks logically to fit them into a schedule. The project team once again relied on expert judgment for estimating task durations thanks to the business partner and his advice on the depth and breadth of the major requirements of the project. As nearly all of my WBS tasks were research based and well defined in my Requirements Traceability Matrix, the project did not require a WBS dictionary as it didn't fit well within the requirements of this particular research project. Once the WBS was ordered properly, a Microsoft Project file was created and a schedule built with the time block estimates for each task's duration. This created the rough draft of the schedule for the project.

Schedule Management followed now that the WBS was constructed in a logical order. Using the best estimates with the help of the business partner and the spring graduation deadline of April 2017 as a time constraint for project completion, the schedule was backwards planned from that constraint to allot the available time to the list of research topic tasks. While the schedule was structured in a sequential manner in regards to research topics, gathering the information from various topics was expected to overlap during the course of the research. The schedule was structured sequentially regardless as the intent was to report on the topics in the proposed sequential order in the business plan and the time blocked included

the data analysis on each topic within those schedule estimates. Project Management was extremely valuable in this regard because without a structured schedule, research into particular topics could go on indefinitely or lead to further unnecessary depth that would limit research in other areas or lead to an incomplete product at the conclusion. The project manager was also able to budget generous amounts of time to each topic because there were no other time constraints on his schedule; he was able to dedicate 40 hours a week to the completion of this project.

Project Milestones were defined for the project by the constraints of the UAA Project Management approval dates, though key milestones were listed for best practices and for the project team in order to identify key moments in the schedule that could impact the project's ability to be completed. Chief among these was ensuring a viable location existed within the market for this business. Without a location, the business plan had no reason to exist. Market Research was another key reflection point because an unfavorable market would render the rest of any future research moot.

With the schedule, scope, and WBS in place, the project had a unique circumstance in reference to costs. There were no viable costs associated with any tasks in the project as the project manager was the only resource and the tasks were research rather than paid work. Despite cost being a major pillar of most projects, this project wouldn't include it. The Cost Management Plan is addressed in the final PMP (See Appendix C- Project Management Plan) but ultimately Cost Management principles or a budget did not apply to this project.

Risk Management

Risk Management was impacted by the lack of costs for this project as there would now be no financial impacts as a result of risks occurring. Instead, the largest risks expected to be encountered would be those related to time and the accessibility of information. The risks identified reflected these items as most of them focused on the impact of falling behind the project schedule and how the project could react to and adjust for that possibility. Using the inputs of the PMP, the charter, and the project documents that had been constructed to that point, the risks for the project were listed out to the best of the team's estimates. The team was not able to utilize expert judgment in this case because neither the business partner nor the project manager had experience performing a research project in the past. Rather, the team used best guess estimates to determine which risks would have the largest impact and how much time they could potentially add to the project. The risks and impacts are listed in the project Risk Register (See Annex D – Risk Register) and the Risk Management Plan is listed in the PMP (See Annex C).

The largest risk to the project was not completing it on time, which would render the project an immediate failure due to the absolute time constraint of the UAA Spring Semester. That risk was listed as

having the greatest impact and Schedule Performance Index (SPI) as the trigger for it. If the project SPI fell below an acceptable threshold, the project was determined to be behind schedule and would require putting in more than the planned 40 hours a week. Other less impactful risks regarded scope and the impact to the business plan if the team were unable to find the information they had planned to in a timely manner.

Research Methodology

As this project was primarily a research project, the methodology for finding data was a major component. The project identified six methods that the team would use to gather data on the topics listed in the schedule:

- Firsthand knowledge of the project team
- Interview(s) with gym owners in Anchorage
- Online research of fitness centers, small businesses, and entrepreneurial communities
- Market and demographics research from official Borough and National databases
- In-person visits of potential locations and local competition
- Academic sources from the UAA Consortium Library

Each of these methods would either be the sole source of information in regards to the project research topics, or would offer multiple perspectives to give a better rounded picture of the data sought.

First Hand Knowledge

The biggest asset on the project team for knowledge and experience in best practices for the fitness industry in the Mat-Su was the business partner. He is a certified personal trainer with a Bachelor of Science in Exercise Science and has opened, managed, and ran fitness centers for over a decade in Wasilla and Anchorage. He has also built a large network in the Mat-Su, trained hundreds of clients, and has a vast working knowledge of the operations of a gym. His knowledge includes:

- Regulations and requirements for running a fitness center, including safety and security requirements
- Revenue streams associated with client memberships and add-on packages to create additional sources of revenue including personal training, fitness classes, nutrition coaching, and income amenities such as tanning and child care
- Daily workings of running a facility, including staffing, sales structures, facility maintenance, equipment maintenance
- Statistical analysis of sales through memberships and amenities

- Personal connections with fitness professionals in the Mat-Su and Anchorage areas

Relying heavily on his expertise, the team was able to put together a comprehensive list of research topics. He was also a primary source of knowledge for many of those topics. He built a larger facility in Wasilla from its roots to one of the largest membership facilities in the Mat-Su. While he has never helped with a center from the startup phase, he possessed more than enough knowledge of the operations of a facility as well as what was needed to build a customer base.

Interview(s) with Gym Owners in Anchorage

Anchorage has dozens of fitness centers of all sizes and as a result, dozens of business owners that each have unique methods for running a facility and, more importantly to this project, how to start them. While learning these lessons in the Mat-Su would be more applicable, the team could not reasonably expect any future competition to divulge proprietary information. Fitness center owners in Anchorage were outside of the competitive market and the team expected to be able to find a gym owner that could meet for an interview about their lessons learned and best practices when it came to opening a fitness center in the state of Alaska. If unable to find a willing gym owner in Anchorage, then the project manager would resort to reaching further out in the state, or as a last resort, settle for a phone interview with someone in the continental United States. The knowledge of someone who had done what the project team was trying to do would be invaluable to the project and the future business plan.

Online Research of Fitness Centers, Small Businesses, and Entrepreneurial Communities

Official websites such as the U.S. Government Small Business Administration (SBA), local Chambers of Commerce, and entrepreneurial communities online have a wealth of knowledge for prospective business owners. Researching into official channels like the SBA provides information regarding how much funding is available to new businesses so that future cost estimates can be constrained within those limits. Other business owners, despite not being fitness center owners, nor being in the immediate area, still possess valuable insight in the business creation process as well as constructing a viable business plan. Fitness center owners in the states come together in online communities to discuss lessons learned and offer advice, and this is extremely valuable information for my business plan.

Websites and communities also offer insight into the various components of a fitness center that are necessary for operations, from employee management, equipment options, operations and maintenance, and a wealth of other topics. There is no solution that fits every single problem regarding this business plan, so researching a host of options will provide insight depending on future constraints of cost, location, and size.

Market and Demographics research from official Borough and National databases

In order to conduct market analysis from a statistics and demographics perspective, the project needed to contain official collected data from the U.S. Census website and Mat-Su Borough documentation.

Analyzing this data would grant a clearer picture of the market and allow for analysis on whether the market would allow a fitness center to grow in the Palmer area and its adjacent Census Designated Places (CDPs).

More market research would be conducted by seeking out information from the Mat-Su Borough to find if there are other fitness centers looking to open in the region as well.

In-person visits of potential locations and local competition

Reviewing the competition in the area was also an important process for building the market research for a business plan. The project manager or the business partner planned to visit each of the major fitness centers in the Palmer and Wasilla area to gather information on their pricing, size, and amenities in order to analyze the market for a potential gap that a fitness center can fill. If there is a unique amenity that the business plan could provide over others in the area, then filling that unique need could potentially give an advantage to the business and appeal to future members and investors.

There are targeted customers within the fitness center community as well, so identifying which of the current fitness centers appeal to which target audience will also provide insight into whether or not a need exists in the Palmer area market. If there's a population that is underserved in the market, being able to identify that will provide further advantage to the business plan.

In addition to locally researching the competition, real estate is a vital component of the business plan. In order to correctly assess the capital investment necessary to build or rent the location for a fitness center, those options must be thoroughly researched and that includes reviewing land and building options that are available in the market at the time the plan is written, and then revising them before presenting to investors in the future. The future aspect of location cost analysis is beyond the scope of this project, but the current cost estimates will still be valuable information for assessing whether the overall cost of opening a fitness center is within the constraints of financing by the SBA or another investor.

Academic Sources from the UAA Consortium Library

During the planning phase of this project, the UAA Consortium Library presented a myriad of options regarding business plans. The project manager intended to spend multiple days in Anchorage at the library researching past similar projects as well as other academically published journals or articles related to the opening of fitness centers. Another resource mentioned was ReferenceUSA, a tool that showed the type of similar businesses in a given area that were planning to open. This information is

vital to finding out whether a fitness center would be launching into a saturated market or whether the timing for opening the business was correct.

Using these published sources of material, the team planned to capture small business best practices and those most recent and relevant to fitness centers. Applying these lessons learned would improve the quality of a business plan as well as set the conditions under which a fitness center could be most successful in today's business climate.

Execution

Project Management Execution is very similar to military execution in that if you poured your time and effort into building a solid plan from the beginning, executing it should be easy part. At the same time, being able to adapt to unexpected changes is expected and reacting to risks and opportunities is a vital measure of the effectiveness of a plan and its leadership. Project Management best practices call for change management that has the potential to trigger updates and rebaselining of entire projects based on the magnitude of the changes that can occur. Despite planning to the best of my ability, there were a number of changes that affected my project and required a number of changes to the previously planned execution.

Risk Realization

Days after the project plan was approved, a major risk to the project was realized. The project manager's availability went from 40 hours a week to 20 at most and the project manager was forced to apply change management, scope management, and time management principles to completely revise the project schedule. Now that there was half as much available research time as expected, the project manager was forced to implement measures for creating additional work time on the weekends and evenings. The risk response was implemented proactively after it was evident the SPI would certainly fall below the acceptable threshold and become unrecoverable. The risk of time availability being realized was logged in the Risk Response Implementation in my PMP (See Appendix C).

For scope management, the project had to be reevaluated in terms of time estimates for each topic of research and then forced to cut back a number of hours on each topic, making sure to prioritize the most important topics. At this time, nothing was removed from scope, only the time dedicated to each topic was reduced. Additional requirements that were not evident during the planning process were also identified in regards to constraint deadlines and milestones for the final semester of the project and these were added into the scope. The Requirements Traceability Matrix was updated in addition to the WBS and the scope was redefined to include multiple deliverables: the business plan, the original PMP, and a final project report.

Time management included taking the revisions to scope and recreating a schedule that would allow the project to meet semester deadlines that had not previously been accounted for during initial planning. Major changes were made to the project documents to include the project schedule, the risk register, and scope as a result of the reduction of planned work time.

Data Collection

Market

Data collection was carried out in accordance with the scheduled research topics and the methodology laid out in this report. The first major topic of data collected was regarding the Palmer market and the demographics in that area. Research began by pulling data on the city of Palmer on the United States Census website and it was found that the most recent data was officially collected in 2010, with 2015 estimates included as well. The data also listed the population of Palmer and decomposed the data into age specific demographics, the population growth over the past 5 years, the population over 18, population under 65, racial breakdowns, housing, education, and income levels as well.

The data available for Palmer led to follow on research of the city of Wasilla as a nearby comparison, and then to the Mat-Su Borough, and finally the United States as a whole to compare growth rates and age specific demographics. Further research into the Mat-Su Borough website led to another breakdown of the population by Census Designated Place (CDP) rather than by city limits, giving a much more focused view of the areas surrounding Palmer, all of whom would be potential customers of the business the team was aiming to create.

The next phase of market data collection was visiting the membership based fitness centers in the area to gather as much data as possible regarding costs of membership, costs of amenities, amenities available, hours of operation, and sizes of the facilities. There were six fitness centers identified in the Palmer-Wasilla area to examine that were similar enough to the business plan the team would produce. Each was visited and assessed on their place in the market.

One of the fitness centers examined was grown from a small club to a multi-thousand membership base by the business partner during his time managing the facility. Additional data on this facility was available as a result, both from his time there and from the current employees who were forthcoming about current growth rates and membership data.

Further research on social media led to the discovery of the forthcoming opening of a new studio-based fitness center in Palmer. Upon further research, this facility was found to be too dissimilar to the business plan the team was looking to create and was not included in data analysis. No other forthcoming facilities were discovered.

Location

Multiple local Real Estate agencies were contacted in regards to searching for a suitable location in the Palmer and outlying areas. During the scheduled time of researching locations only one facility was found that would work as a rent and renovate solution due to the vast majority of commercial property in the area being too small to contain a medium sized fitness center. The criteria was at least 7000-10000 sq/ft of space in one building. There were no feasible purchase options found either, as anything over 7000 sq/ft skewed towards the very large buildings that were well out of the business plan's price range.

A number of empty lots within a target area identified in the market research in the Gateway CDP were identified and examined as possible locations for the purchase and construction of a fitness center from the ground up. These locations were recorded for the business plan and their prices noted as part of potential startup costs.

The costs associated with building or renovating a fitness center were important to the startup cost estimates for the business plan and no local expert on such costs were found, nor were any local fitness centers asked to provide their proprietary cost information. Instead this research was found online in a series of articles written by an expert in the field: Bruce Carter, the president of Optimal Fitness Design Systems International. Mr. Carter has designed clubs in 45 states and the team took his estimates of the costs of building and renovating as expert judgment for cost estimation in the business plan startup costs.

Marketing Plan

The business partner has worked at three of the six fitness centers that the team examined and saw many marketing strategies that worked and didn't work. His experiences were used to build the bulk of the market data in addition to advice from online entrepreneurial communities about the value of social media and its ability to influence growth. This data was used to construct a market growth plan for opening the business and to help assess the potential growth needed to offset startup costs.

The owners of Southside Strength and Fitness in Anchorage, offered their perspective on marketing as a small business without the benefit of a franchise brand name or budget. Their strategy was to focus heavily on social marketing, word of mouth promotions, and generating good will amongst their customer base in order to encourage more members to come see their fitness center. They have attempted promotions such as offering free fitness classes and guest passes, but ultimately did not find much success in doing so.

Website

The team has an agreement with Katalyst, a local startup web design company, to provide web cost estimates for the business that would include integrated point of sale, online scheduling for personal

training, and a comprehensive web platform to help advertise the business. Due to this agreement, further research into website development was halted and a formal quote will be included as part of the business plan rather than cost estimates. Formal vendor analysis and procurement management is not within the scope of this project.

Equipment

Other business owners in the area demonstrated a masterful ability to acquire used gym equipment in the Anchorage area and adapt it to their gym, saving them massive amounts of money versus the purchase of new equipment. They also maintain most of the equipment themselves, and receive donations of equipment from members or other fitness entities in the municipality. They did not lease equipment, but recommended highly that equipment and all gym assets are purchased as the equipment lasts far longer than the terms of a lease. Other business owners and the business partner recommended Precor as the brand for cardiovascular exercise equipment and Hammer Strength as the brand for weight equipment.

Precor offers a variety of cardiovascular equipment to include elliptical trainers, treadmills, stationary bicycles, stair climbers, and more. Each of these pieces of equipment costs about \$3000-3500 each and an estimated 10% additional for shipping. There is a Precor vendor in Anchorage that the team contacted for information which would prevent additional unexpected shipping costs from the continental United States.

Hammer Strength equipment is owned by Lifefitness and is purchasable throughout the United States. The only local vendor that carries the equipment is Sears in Anchorage, and they do not carry commercial equipment, so an order and shipping would have to be made for weight rack and weight equipment. The weight machines come in a variety of types, and average \$2000-\$3000 each with an additional cost of approximately 15% for shipping.

Operations

Relying once again on the business partner's experience with managing fitness centers, the minutiae of the day to day operations of a fitness center was readily available to the team. The research necessary in this regard was to perform cost benefit analysis on amenities for the facility and determine growth trigger points for bring on more employees as the facility grows. The responsibilities of those employees needed to be defined as well as the personnel management for the business.

Other business owners provided information on their business practices, including both of them working full time at the gym to manage day to day operations. They have 6 employees, most of which are part time. Their amenities include a protein shake bar and branded concessions for purchase at the front. Southside Strength and Fitness does not provide a tanning bed due to space concerns, but the some

owners recommend a stand up tanning solution due to studies they have researched showing that bodybuilding competitors have increased chances of winning if they have a tan versus those without. During the business partner's time with Body Renew, he noticed a 15% growth in memberships once a tanning solution was installed on site.

Other business owners also recommended a program called Gym Assistant that is a one-time purchase and manages membership details, payment processing, electronic funds transfers, and customer contact solutions. The program is an invaluable tool for keeping records on the members of the gym and managing their payments.

Reduction in Scope

Due to the time constraints the project was operating under, certain areas of the project did not receive the research initially planned. The bulk of the project received a large cut in overall time in each category due to the initial lack of availability of the project manager compared to the original plan. Over 100 hundred hours were cut from the original plan due to this change. The second change occurred later in execution. In order to allocate more time to creating and refining the project report, a number of areas had their research time reduced. These areas include the equipment research and the exact costs of bulk ordering and shipping equipment from the continental United States. Reductions were also made to the time spent researching the various courses of operation within a fitness center as well as employee considerations. These changes are logged in more detail in the PMP, Appendix C. In addition, time allotted to perform research in the UAA Consortium Library never materialized due to a lack of availability for the project manager, and the team was unable to use this as a data resource as originally planned.

Progress Tracking

The primary means of tracking this project was going to come through project Schedule Performance Index (SPI), a Key Performance Indicator (KPI) which would track how much value the project was creating versus how much value it was planned to have created at that point. SPI was to be the primary means to ensure the project remained on schedule and was the trigger for risk responses to adjust the schedule if the project fell behind. Due to the time constraint on the project, no delays in schedule would be acceptable throughout execution because a time overrun would absolutely result in a failed project.

The first instance of SPI in danger of dipping below 1.0 was at the start of execution when the project manager's schedule availability for conducting research and analysis was cut in half. While the SPI did not drop below 1.0, adjustments were preemptively made due to the predictable drop in SPI if no changes

were made. The schedule was redone, research time was reduced in a number of categories and the schedule was redone to finish on at the project's constrained deadline.

The SPI during the PPM #3 milestone dropped just below 1.0 which was the trigger to increase work time or reduce scope in order to realign the project schedule. As a result of underestimates of the amount of work hours for a major deliverable, the time allotted to that deliverable was increased significantly while time in research topics that had not been completed yet was reduced. The schedule was realigned so that an SPI at 1.0 would allow the project to finish at the constrained deadline.

Analysis

Market Analysis

Demographics

The Mat-Su Borough and the city of Palmer are growth markets with project growth to continue into the next decade. The Borough itself has grown an estimated 12.57% in the past five years compared to the national growth rate of 4.10% (Census.gov). Exhibit 1 shows the population growth of the cities of Palmer and Wasilla and the CDPs between them.

Census Designated Place	Pop 2010	Pop 2015 (Est.)	Pct. Growth
Matanuska Susitna Borough	88,995	100,178	12.57%
Palmer city	5,937	6,135	3.34%
Wasilla city	7,831	8,468	8.13%
Gateway	5,552	6,903	24.33%
Fishhook	4,679	5,500	17.55%
Lakes	8,364	9,000	7.60%
Farm Loop	1,028	1,144	11.28%

Exhibit 1 – Mat Su Borough CDPs Population and Percentage Growth from 2010-15

Clearly the Gateway and Fishhook CDPs, located between Palmer and Wasilla are the high points of growth in the market area. The Gateway area includes the Parks Highway, Palmer-Wasilla Highway, and Trunk Road as major thoroughfares. The surrounding area contains approximately 35,000 people, and if

the 30% that are under the age of 18 are ignored, then the area is surrounded by approximately 25,000 customers within a 10-mile radius.

Competition

The six fitness centers identified in the region were visited and examined for their membership costs, hours of operation, size, and amenities. Exhibit 2 is the results of the team's findings.

Location	Size	24/7?	Basic Membership Rate	Classes?	Tanning?	Day Care?	Shake Bar?
Body Renew	Medium	Y	\$35/mo	\$10/mo	\$10/mo	\$30/mo	N
Alaska Club Wasilla	Large	N	\$110/mo	Included	\$38/mo	\$30/10 visits	Y
Alaska Club Palmer	Medium	N	\$75/mo	Included	\$38/mo	\$30/10 visits	N
Masters of Iron	Small	N	\$45/mo	N	N	N	N
Active Body AK	Small	N	\$50/mo	\$20/mo	N	N	N
MTA Sports Center	Large	N	\$80/mo	Included	\$45/mo	Included	N

Exhibit 2 – List of Gyms in Palmer/Wasilla with Pricing and Options

Legend - 24/7? – Are they open 24 hours a day, 7 days a week; Classes? – Does this facility offer group classes, and what do they charge; Tanning? – Does this facility offer tanning services and what do they charge; Day Care? – Does this facility offer day care and what do they charge; Shake Bar? – Can you purchase fresh made smoothies or protein shakes at this facility

In addition to the locations listed above, there are a number of smaller studios such as Mat-Su Crossfit and the newly opening Invest In Yourself AK that have a focused niche audience in a specific field of workouts. These facilities typically charge around \$100 a month and have minimal to no fitness equipment, opting instead for specialization in group workouts with minimal overhead. These type of facilities are not viewed as competition as their niche audience is too small to have an impact on the overall market. There are also at least two more fitness centers in the Knik-Goose Bay area on the southwest side of Wasilla, but these are far enough outside of the Palmer market that this project did not factor them into the analysis.

Body Renew, Active Body AK, Alaska Club Palmer, and the MTA Sports Center cater to a similar audience as the project's business plan would, focusing on general fitness with cardiovascular workout equipment and some resistance equipment. Most also offer personal training packages and group classes for activities like Yoga, Zumba, and PiYo. Body Renew and Alaska Club have highest memberships in the Valley, numbering in the thousands.

The Alaska Club Wasilla is the luxury model fitness center in the area as it is contained in a large building with a pool, gymnasium, massages, and a number of other amenities. They have cornered the general fitness market in this region for customers who are willing to pay for the largest and most comprehensive offering. Raising the capital to compete on this level isn't feasible at this time and this is a market the project team plans to concede.

Masters of Iron is catered specifically to weight lifters and power lifters and serves their audience well. The number of competitive lifters in the Mat-Su Borough is small, and competing for that market doesn't make fiscal sense. They are similar to the niche studio facilities above, but are also taking advantage of a complete lack of a weights-based facility directly in the city of Palmer.

The target audience that is the largest, and still has room for growth thanks to the rapid growth of the region, is the general fitness customer that includes employed parents who want to work out before or after work, the stay at home parents who want to get out and exercise and require child care in order to do so, and the seniors who want to stay active. There is also a niche audience who desires 24/7 access that is underserved in the Palmer side market as Body Renew in Wasilla is the only 24/7 accessible facility nearby.

The price range between \$35-50/mo is lacking for a medium sized facility, especially as Body Renew is located deep into Wasilla, far away from the Palmer area market. The MTA Sports Center is in Gateway, but its price point is closer to the Alaska Club Wasilla, rather than serving the moderate spending customer.

There is also an opportunity present to have a healthy shake and smoothie bar as part of a facility, as none of the smaller facilities have such an option, so a facility with that addition could set itself apart. Tanning is a standard option that most of these facilities offer, so incorporating a tanning solution seems to be mandatory to meet the market expectation.

The market is still in a growth stage in the area, as Body Renew Wasilla still averages about 100 new memberships a month, with peaks of over 200 a month in the November-January fitness rush season. If the business plan can offer something extra, such as a shake bar, or more cost effective amenities, then it

is entirely possible that some of that market can be captured by virtue of additional services as well as a more favorable location to customers further east of Wasilla.

Location Analysis

The ideal location for this market appears to be in the Gateway area, closer to the Palmer side, in order to service the fastest growing areas in the region and fill a gap in services to the Palmer market for a medium sized fitness center that is affordable. The area is growing rapidly, not only with the population growth, but also with infrastructure as two new major roads have been opened in the past few years. The Bogard extension between Colony High School and Palmer High School, and the Trunk Road reconstruction, widening Trunk from a 2 lane road to a 4 lane split road. Both of these road openings alleviate traffic on the Palmer-Wasilla Highway, and also open up the region to more growth as new subdivisions are put in along the major roadways.

In addition, the intersection between Trunk Road and the Palmer-Wasilla Highway in Gateway is the site of a major development project that will be similar to the Tikahtnu area in Anchorage. This type of facility will generate massive growth in the area, both from a residential and a commercial perspective. The closer the fitness center can be to this growing location, the more value the land and the business can generate over time. This location serves as the guidepost for the business plan and cost analysis going forward.

The owners of Southside Strength and Fitness in Anchorage, highly recommended purchasing a building outright, or construction if affordable. The value increase of owning a building, renting sections of it to other businesses, and the ability to design the space that best fits the fitness center outweighs the risks and the long term costs of maintaining a lease.

Rent and Renovate

The commercial Real Estate market for the Palmer area is saturated with office space sized around 2,000 sq/ft with severely limited options for anything above the 7,000 sq/ft required for a medium sized fitness center. There certainly isn't anything of these specifications currently available in the ideal location in Gateway as there are limited commercial properties along the Palmer-Wasilla Highway. The next best solution is a warehouse near the fairgrounds in Palmer that would rent for \$0.75 per sq/ft for a 10,000 sq/ft space with option for more space if desired. This would result in a \$7,500 a month rental payment for a 10,000 sq/ft space. The downsides of this loan are the location is in the center of Palmer that would be much further away from the Gateway, Lakes, Wasilla, and Fishhook regions which could restrict the ability to grow a member base rapidly. Positives for this location are a flexibility in square footage and a much lower entry cost for the business.

Renovating a space like this is estimated to cost in the \$30-\$50 per sq/ft range (Carter), though a formal quote would certainly be necessary. Assuming the high end of the spectrum, the costs would be close to \$500,000 to renovate the facility. This debt would be added to the sunk costs to start the facility and would be added to the loan repayment.

Purchase a Building and Renovate

Similar to finding rental space in a large building, purchasing a building in the target region has limited options available. The closest comparable option is a 15,000 sq/ft building that would cost \$1.2 million to buy and an estimated \$750,000 to renovate. This option is strictly worse than renting and renovating based on the current options available in the Mat Su Valley.

Purchase Land and Build

There are two tracts of land near the ideal market location, the closest costing \$850,000, the next costing \$415,000.

In order to build a 10,000 sq/ft facility, experts estimate a cost range of \$100-\$200 per square foot (Carter). On the pessimistic end, this means building the facility would cost roughly \$2 million dollars. Add that to the land cost of the cheaper available land, and there's a total initial debt of \$2.4 million dollars. The benefits to this are quite clear in that the fitness center would have the exact specifications the team desires and the business would own the land and the building as assets going forward. The building could also be expanded upon more easily if the business booms. The downside is the significant financial costs as well as the time it would take to build and open the business versus renovating an already standing building.

Marketing Plan

Based on feedback from the business partner's experience and first hand adoption by other business owners in the area, the marketing strategy that best resonates in the current market is heavily based on building a positive reputation, having an active social media platform, and generating interest in our current customers in order to encourage them to speak positively about the facility to friends and family on their social media pages. Other business owners spent money on traditional advertisement means such as radio, posters, and business partnerships, but never received enough of a return on investment on those methods to continue. The marketing plan relies heavily on plans that incentivize employees and incentivize customers to post positively about the fitness center.

During the business partner's time as a personal trainer, the trainers were given pay based on the number of new clients they brought in, the number of training packages sold, and the time they actually spent training clients. This fostered a system where the trainers worked hard to bring in new clientele, both for

themselves and for the fitness center. During the business partner's final months at Body Renew, the franchise changed their personal training pay to a flat rate with bonus incentives for massive sales of new packages. These incentives were much more difficult to reach, and paid less than the previous system's bonuses. The intent was to stabilize a very volatile employee market because trainers who didn't earn enough due to having a smaller client base didn't stay long and there was vast employee turnover. However, the trainers who created the most value for the facility and brought in the most clients were punished to create this stability. The business plan for this project will create a pay structure that compensates trainers fairly, but incentivizes them with generous bonuses to create new business and new clientele. Customers who pay for personal training packages generate the most value for any fitness center and anything that encourages the growth of that market is something to capitalize on.

In addition to incentivizing employees to bring in new clientele, the business plan will plan bonuses for customers as well. Referral bonuses are a necessity as any customer that provides a friend that signs up for an annual contract is only helping us and deserves a free month for the advertising they have performed. Similarly, the business plan will include ideas to encourage positive social media posts with discounts or bonuses if members tag themselves and post that they're at the gym enjoying their workout. The more that customers feel positively about the fitness center, the more likely they will be to tell friends and family about it and grow membership.

Creating friendly competitions, weight loss challenges, and other events will generate interest amongst the customer base and keep them active on a social media platform. Constant giveaways of small merchandise or free protein shakes will generate good will and encourage members to keep active with the business.

Website

The website for the business can be a tremendous asset, an afterthought, or something in between depending on the resources poured into it. For the purposes of this plan, and the nature of building a market through social media and a positive online presence, the website being that gateway of information for potential customers is vital. Its functionality can also improve the quality of service for current members depending on what services are built in. In order to best serve our customers, the following services are ideal to be built into the business' web platform:

- Brand exposure
- Membership management
- Scheduling tool for personal training
- Payment methods

- Calendar of events and classes
- Integration with the brick and mortar business
- Connection with social media

All of these features would enhance the member experience and create brand exposure, but each feature adds to the overall cost. The team partnered with Katalyst, a local web design company, to create a price and feature quote for services for the website and the business. The quote and list of features is located in Appendix E. The list contains a feature-rich set of deliverables that can be scaled back based on the businesses needs and financial capabilities at launch.

Equipment

Exercise Equipment

The ultimate factor in determining the amount of equipment placed in the fitness center will be the size of the facility. For startup purposes, equipment estimates are going to be made on a 10,000 sq/ft facility and scaled back as necessary if space is limited.

Cardiovascular equipment will cover about 40% of the equipment in the gym due to the popularity of it in general fitness centers. The pessimistic costs of a piece of equipment is \$3500 and \$350 in shipping to a total of \$3850. A maintenance plan and parts replacement can bring that value up to a rounded \$4000 per piece. To compare, Body Renew in Wasilla has an 18,000 sq/ft facility, and has 38 pieces of cardiovascular equipment. Cutting that in half for a 10,000 sq/ft facility gives an estimate of roughly 20 pieces of equipment. 20 pieces of equipment at \$4,000 each is a starting cost of roughly \$80,000 for startup costs on cardiovascular equipment.

Weight training equipment, weight racks, dumbbells, barbells, and cable machines will take up the rest of the non-class area floor space for the fitness center. These pieces range in cost from \$1,000 on the smaller end to \$8,000 for the most complex large pieces of equipment. The majority of cable machines fall closer to the \$3,000 end plus an additional \$450 in shipping. Replacement parts, maintenance costs, and repair can round that cost to approximately \$3,500 each for an average piece of equipment. In the case of the planned fitness center, it is necessary to have equipment to cover all major muscle groups and common exercises, and this will require at least 20 pieces of equipment. 20 pieces at \$3,500 each results in an estimated equipment startup cost of \$70,000

In addition to equipment, a number of other smaller pieces of equipment are needed, to include weight plates (\$450 per set), lifting bars (\$50-100 each), exercise balls (\$25), ropes (\$100), kettlebells (\$200 per set), and a myriad of other smaller equipment to offer options to clientele. This equipment will serve as

filler for empty spaces within the facility and can also be used in fitness classes if the facility offers them. An estimated total of \$25,000 will be factored into the startup costs for this type of equipment.

The running total for a facility of this size will be estimated to be approximately \$175,000.

Additional Facility Equipment

The fitness center will also require a number of other types of equipment at startup to offer the best chances to bring in members. The first among these is a tanning option. Based on the feedback from the owners at Southside Strength and Fitness and the business partner during his time with Body Renew, tanning is an all but mandatory addition to any fitness center and must be factored in to the business plan. Tanning beds are the most common solution to this problem, but a standup tanning booth takes up a much smaller footprint and doesn't require its own room to contain it. A stand up booth will cost approximately \$5,000.

In addition to the tanning amenity, the business plan is examining the option of a protein shake and smoothie bar within the facility to fill a gap in the market. In order to facilitate this option, kitchen equipment such as a miniature refrigerator and freezer, an ice making machine, blending equipment and a dish cleaning station will be necessary in a small booth setup or a separate room. This area will also need space for food preparation and a point of sale system.

If a day care solution is a positive addition to the facility, then a child room and entertainment must be provided as well. This will require the purchase of toys and other child-related necessities as well as the hiring of employees to supervise and manage the day care. It will also require some space within the facility set aside as a children's area.

Operations

The market has a need for a facility near Palmer that caters to all hours of the day, however the risk for doing so is quite large for a new facility. In order to be open all hours without staffing on site at all times opens up potential liabilities, greater insurance costs, and increased risk of theft or vandalism for what appears to be a limited benefit. There are customers who use Body Renew during non-traditional business hours, but that level of membership, especially as a business is just starting off with a limited membership base, does not appear to provide enough of a benefit to be worth the risk. In addition, if any merchandise was sold, or the protein shake and smoothie bar was implemented, then those areas need to be locked down during unstaffed hours and that would create additional costs and space constraints.

A protein shake and smoothie bar is a positive addition at other facilities in Anchorage and the market is lacking that option in the Mat-Su. The positive returns for such an amenity include an additional source

of income, potential for marketing through giveaways, and having an added benefit to the fitness center compared to competition. The downsides include the potential need for an additional employee to manage the bar, the need to devote space to refrigeration and kitchen equipment, and satisfying any regulations in the Borough related to food services and sanitation in addition to the regulations the business must already meet.

If the facility is not open all hours of the day, then it must be staffed for the hours of operation decided upon. Initial employees would have to include a front desk clerk and potentially a shake bar attendant unless the two stations could be merged.

Conclusions

The costs for opening this business, especially for a purchase and build option, are immense and in order to feasibly go through with the business, a robust growing market needs to be present. The market conditions for the Palmer area are strong, the population growth is present, the projected economic growth of the Gateway CDP is present, and the gap for a medium sized and medium priced, high quality fitness center that appeals to the general public is present. The true determination for this business becomes whether or not the capital can be raised and paybacks structured in a way that the fitness center has time to repay the large startup debt it will accrue.

At this point, the total startup costs that don't include specific location costs which total close to \$300,000 between equipment, office equipment and furniture, shake and smoothie bar equipment, website development, and the cost of employees. The lowest priced rental available in the Palmer area currently would require an approximate \$500,000 renovation plus \$7,500 for rent every month. Add on repayments for the initial \$800,000 debt to the \$7,500 a month and if the debt is to be repaid in 10 years at a 6% rate, the total repayment is around \$16,500 a month which would be extremely difficult to reach in the early years of the business. If the initial costs can be reduced, or the loan stretched across a longer period of time, or at a lower rate, the payment becomes much more feasible. This problem is magnified by the increased costs of purchasing a building or land.

Ultimately whether the business is profitable or not will be determined by the total costs associated with opening it. An eventual 1,000 member gym can generate over \$50,000 a month in revenue, but getting to that thousand members will likely take years. More research is necessary to determine whether or not the business is something that should be pursued.

On the subject of Project Management, the principles applied greatly helped steer the overall research and structure of this project. Without a fixed schedule, larger topics such as market research and location research, while vital, can easily consume a researcher for months. Having constraints on research time

per topic, especially given the lack of available time for the project manager, was a huge boon and more than justified the use of project management tools. The secondary benefit is the real-world practice in project management this particular project provided because the experience gained here will be vital to the application of project management to the potential follow-on project of opening the facility if further research determines that to be a positive outcome. That project will require principles such as procurement management and the application of cost management and having the practice in scope, time, and risk management now will naturally help the overall quality.

Recommendations for Further Research

Further research needs to be done on commercial business loans, both in size and duration in order to effectively determine the repayment period as well as monthly expenses associated with the business as the largest expense at startup will certainly be either a mortgage payment or rent. The rest of the monthly expenses of running a business also need to be determined in order to calculate break-even points and more specific pricing for members, physical training, tanning, and products at the shake bar.

If a construction route is pursued, then research into building design and code, along with Borough regulations would be mandatory. The project team could design a facility if construction was pursued and research into those options would be necessary as well.

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FITNESS ALASKA PROJECT CHARTER

September 15, 2016

OVERVIEW

Project Background and Description

Fitness Alaska is a small business opportunity centering on opening a fitness center in Palmer, AK in order to capitalize on a growing demand for health and wellness in the Mat-Su Borough and open a profitable business with plans to expand in the future. This project will focus on creating a **business plan** and the research necessary to plan and predict the finances involved in running a fitness center.

Project Scope

The purpose of this project is to create a business plan for a fitness center in Palmer, AK with the intent of making a profit in a growth market. The business plan will be created and completed with the conclusion of PM686B in April 2017. This project starts upon this document being signed. The business will be focused on a medium space concept (7000-10000 sq/ft) based around cardio and resistance circuit training, personal training, and classes for groups of customers.

The business plan will cover staffing, equipment purchase, signage, and the remodeling of a suitable location. The business plan will also cover a simple website, wireless point-of-sale terminals, scheduling application, internet and Wi-fi services, an A/V sound system, an account and business management system, liability insurance, bonding, and an aggressive social media and marketing presence.

The rough order of magnitude for the project is estimated to be below \$1000 due to most of the work being conducted by the project manager at minimal cost. Costs to create the business plan will come from local travel and research. The project must be complete by the end of PM686B in May 2017.

The project starts upon the signing of the charter and will be considered complete upon the creation of the business plan.

Deliverables

1. A business plan to open a fitness center with research regarding:
 - Market evaluation and demographics
 - Location costs and Signage
 - Equipment costs
 - Operations costs, Maintenance, and Staffing
 - Marketing Plan and costs to include website
 - Amenities Costs (Wi-Fi, A/V systems, TVs, Tanning Booths, Child care, etc..)
 - Regulations, Insurance, and Permitting
2. A completed and approved Project Management Plan for the Project Management Capstone Course, PM686A.

Specific Exclusions from Scope

Actions related to acquiring funding for the business

Actions related to opening the business

Project Assumptions

- Palmer and the Mat-Su Valley will continue to be a growth market for the foreseeable future.
- There are no other similar businesses being constructed in the Palmer area at this time.
- Specific and detailed research data on costs associated with creating a fitness center will be available, either via interview or online.

Project Constraints

- The Project Management Plan must be completed and approved as part of PM686A and must be executed and complete by the conclusion of PM686B

Project Timeline

29 August 2016 – Project Begins; Project Management and Planning begins

7 December 2016 – Project Management Plan completed and approved

16 January 2017 – Project Execution Begins

4 March 2017 – Location research complete

15 April 2017 – Operations research and permitting research completed

27 April 2017 – Business Plan complete. Project Ends.

APPROVAL AND AUTHORITY TO PROCEED

We approve the project as described above, and authorize the team to proceed.

Name	Title	Date

Approved By

Date

Approved By

Date

Appendix B – Requirements Traceability Matrix

REQUIREMENTS TRACEABILITY MATRIX					
Project Name:		Fitness AK			
Project Manager Name:		Erik Hermon			
Project Description:		Creating a Business Plan related to the opening of a gym			
ID	WBS Task	Requirements Description	Business Needs, Opportunities, Goals, Objectives	Status	Owner
001	1.1	Project Management Plan	Create a PMP to facilitate the project		Erik Hermon
002	1.1.1	Project Abstract and Charter	Create an Abstract and Project Charter for the project	Completed	Erik Hermon
003	1.1.2	Schedule Estimates	Create a Schedule for the project with best estimates for the duration of research on each task	Completed	Erik Hermon
004	1.1.3	Draft PMP	Complete a draft Project Management Plan and submit to the project advisory team for feedback	Completed	Erik Hermon
005	1.1.4	Research Methodology	Create a list of sources and guidelines to describe research methods for the project	Completed	Erik Hermon
006	1.1.5	Final PMP	Complete the Project Management Plan and submit to the project advisory team for approval	Completed	Erik Hermon
007	1.1.6	Gain Approval	Present project and gain approval from the project advisory team to proceed.	Completed	Erik Hermon
008	1.2.1	Demographics Research	Conduct research on demographics in Palmer, AK and surrounding districts	Completed	Erik Hermon
009	1.2.2	Compare Competition in the Area	Conduct research on other fitness centers in the area	Completed	Erik Hermon
010	1.2.3	Long Term Market Outlook	Conduct research to determine if the market in Palmer will support the business over the next few years	Completed	Erik Hermon
011	1.3.1	Fitness Center Requirements Data	Research the requirements of a fitness center in the Mat Su Borough	Completed	Erik Hermon
012	1.3.2.1	Rental Location Data	Research costs associated with renting and renovating commercial space in Palmer	Completed	Erik Hermon
013	1.3.3	Construction Cost Data	Research costs associated with purchasing land and constructing a facility in Palmer	Completed	Erik Hermon
014	1.4.1	Social Media Research	Claim usernames and be ready to roll out social media upon business launch	Completed	Erik Hermon
015	1.4.2	Local Market Advertising Data	Research Data related to advertising in Palmer via radio, newspaper, etc...	Completed	Erik Hermon
016	1.5.1	Website Maintenance Data	Research costs associated with creating and owning a website for the business	Completed	Erik Hermon
017	1.6.1	Operations Equipment Data	Research the costs of buying office furniture, computers, phones, internet, etc... to run a business	Completed	Erik Hermon
018	1.6.2.1	Lease Equipment Data	Research costs associated with leasing gym equipment versus purchasing		Erik Hermon

019	1.6.2.2	Local Equipment Purchase Data	Research any options to buy equipment locally	Completed	Erik Hermon
020	1.6.2.3	Bulk Order Data	Research costs associated with buying equipment from major vendors		Erik Hermon
021	1.7	Maintenance Plan Data	Research costs associated with day to day operations of a gym and what type of maintenance plan is necessary for equipment		Erik Hermon
022	1.8.1	Staffing Research	Using local examples, estimate the staffing required for the facility and the costs associated	Completed	Erik Hermon
023	1.8.2.1	Hours of Operation Data	Research options to be open 24/7 with keytag access versus limited hours	Completed	Erik Hermon
024	1.8.2.2	Sanitation	Research options to hire sanitation staff or costs to hire a service to clean	Completed	Erik Hermon
025	1.8.3	Social Media Plan	Research ideas for daily social media presence and interaction for the facility	Completed	Erik Hermon
026	1.9.1	Management Responsibilities	Research the various roles the owners of the facility will perform	Completed	Erik Hermon
027	1.9.2	Administrative Responsibilities	Research the required administrative responsibilities for the facility	Completed	Erik Hermon
028	1.9.3	Personal Training Responsibilities	Research the Personal Training plan and benefits for the facility	Completed	Erik Hermon
029	1.9.4	Growth Trigger Points research	Create a chart showing triggers to hire more staff based on business success going forward.	Completed	Erik Hermon
030	1.10.1	Produce a Project Report	Submit a written project report for PM686B	Completed	Erik Hermon
031	1.10.2	Present Project for Approval	Present project and gain approval from the project advisory team.	In Progress	Erik Hermon
032	1.10.3	Submit Lessons Learned	Submit final lessons learned for the project execution		Erik Hermon

Appendix C – Project Management Plan

FITNESS AK PROJECT MANAGEMENT PLAN

Version 4.0
March 24, 2017

VERSION HISTORY

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	Erik Hermon	11/26/16			
2.0	Erik Hermon	2/4/17			
3.0	Erik Hermon	3/2/17			
4.0	Erik Hermon	3/24/17			

TABLE OF CONTENTS

<u>1</u>	<u>INTRODUCTION</u>	38
1.1	<u>Purpose of Project Management Plan</u>	38
<u>2</u>	<u>PROJECT OBJECTIVE</u>	38
<u>3</u>	<u>SCOPE MANAGEMENT</u>	38
3.1	<u>Work Breakdown Structure</u>	39
3.2	<u>Assumptions and constraints</u>	40
3.2.1	<u>Assumptions</u>	40
3.2.2	<u>Constraints</u>	40
3.3	<u>Change Control Management</u>	40
3.3.1	<u>Change Control Log</u>	41
3.4	<u>Deliverables</u>	42
3.5	<u>Research management</u>	42
3.5.1	<u>Research Methodology</u>	42
3.5.2	<u>Data Collection Updates</u>	44
<u>4</u>	<u>SCHEDULE/TIME MANAGEMENT</u>	44
4.1	<u>Milestones</u>	44
4.2	<u>Project Schedule</u>	45
<u>5</u>	<u>COST/BUDGET MANAGEMENT</u>	45
<u>6</u>	<u>QUALITY MANAGEMENT</u>	45
<u>7</u>	<u>HUMAN RESOURCE MANAGEMENT</u>	45
<u>8</u>	<u>COMMUNICATIONS MANAGEMENT</u>	45
8.1	<u>Communication Matrix</u>	46
<u>9</u>	<u>PROJECT PROGRESS AND MEASURABLES</u>	46
9.1	<u>Key Performance Indicators</u>	46
9.2	<u>Critical Success Factors</u>	47
<u>10</u>	<u>RISK MANAGEMENT</u>	47
10.1	<u>Risk Log</u>	47
10.2	<u>Risk response implementation</u>	47
	<u>APPENDIX A: PROJECT MANAGEMENT PLAN APPROVAL</u>	49
	<u>APPENDIX B: REFERENCES</u>	50

INTRODUCTION

PURPOSE OF PROJECT MANAGEMENT PLAN

The intended audience of the Fitness AK PMP is all project stakeholders including the project advisor, advisory team and the project team.

PROJECT OBJECTIVE

Fitness AK is a small business opportunity centering on opening a fitness center. The purpose of this project is to create a business plan for a fitness center in or near Palmer, AK with the intent of making a profit in a growth market. Palmer's population grew by 14.3% between 2010 and 2015 compared to the United States average of 4.1%, making it a rapid growth market. Neighboring Wasilla grew by 18.6% and has two highly successful medium-to-large sized fitness centers with a third opening in the next year. Palmer's largest fitness center is less than half the size of the Wasilla facilities, creating an opportunity to be filled.

The business plan will be created and completed with the conclusion of PM686B in April 2017. This project starts upon this document being signed. The business will be focused on a medium space concept (7000-10000 sq/ft) based around cardiovascular and resistance circuit training, personal training, and classes for groups of customers.

SCOPE MANAGEMENT

The purpose of this project is to create a business plan for a membership based fitness center in Palmer, AK. The business plan will contain research and conclusions regarding the finances for running a medium sized fitness center with the end purpose of opening a fitness center in the near future.

The business plan will contain research results based on thorough market and opportunity research and must answer the question of whether a fitness center can be successful and profitable in the Palmer market as well as the requirements to meet profitability. Similar businesses in the area will be examined to assess their level of success and compare the amenities they provide for the cost of membership. In addition to businesses, the demographics of the Palmer market will be evaluated to ensure a large enough market exists to justify a business of this type in the area.

The business plan will cover a number of break-even points for a medium sized fitness center (7000-10000 sq/ft) based on the costs of renting and renovating a location, or purchasing and building a location. The business plan will cover staffing, equipment purchase, signage, and the maintenance costs of a suitable location. The business plan will also cover a simple website, wireless point-of-sale terminals, scheduling application, internet and Wi-Fi services, an A/V sound system, an account and business management system, liability insurance, bonding, and an aggressive social media and marketing presence.

The rough order of magnitude for the project is estimated to be below \$1000 due to most of the work being conducted by the project manager at minimal cost. Costs to create the business plan will come from local travel and research. The project must be complete by the end of PM686B in May 2017.

The project starts upon the signing of the charter and will be considered complete upon the

creation of the business plan.

WORK BREAKDOWN STRUCTURE

	WBS	Name	Duration	Start	Finish
1	1	☐ Business Plan for a Fitness Center	118.5d	8/29/2016	4/27/2017
2	1.1	☐ Project Mangement Plan	72d	8/29/2016	12/6/2016
3	1.1.1	Abstract and Charter	5d	8/29/2016	9/2/2016
4	1.1.2	Schedule Estimates	10d	9/5/2016	9/16/2016
5	1.1.3	Draft PMP	15d	9/19/2016	10/7/2016
6	1.1.4	Research Methodology	10d	10/10/2016	10/21/2016
7	1.1.5	Final PMP	25d	10/24/2016	11/25/2016
8	1.1.6	Gain Approval	1d	12/6/2016	12/6/2016
9	1.2	☐ Market Research	10d	1/16/2017	2/6/2017
10	1.2.1	Demographics	3d	1/16/2017	1/22/2017
11	1.2.2	Compare Competition in Area	3d	1/22/2017	1/29/2017
12	1.2.3	Long Term Market Outlook	4d	1/29/2017	2/6/2017
13	1.3	☐ Location	10d	2/7/2017	2/28/2017
14	1.3.1	Requirements for a Fitness Center	3d	2/7/2017	2/12/2017
15	1.3.2	☐ Examine Rental Options	4d	2/13/2017	2/22/2017
16	1.3.2.1	Renovation Cost Estimates and Timeline	4d	2/13/2017	2/22/2017
17	1.3.3	Examine Construction Options	3d	2/23/2017	2/28/2017
18	1.4	☐ Marketing Plan	2d	3/1/2017	3/5/2017
19	1.4.1	Create Social Media Presence	1d	3/1/2017	3/4/2017
20	1.4.2	Research Local Marketing Options	1d	3/4/2017	3/5/2017
21	1.5	☐ Website	1d	3/5/2017	3/6/2017
22	1.5.1	Discuss requirements and receive quote from web develop	1d	3/5/2017	3/6/2017

	WBS	Name	Duration	Start	Finish
23	1.6	<input type="checkbox"/> Equipment	6d	3/12/2017	3/25/2017
24	1.6.1	Operations Equipment	3d	3/12/2017	3/18/2017
25	1.6.2	<input type="checkbox"/> Exercise Equipment	3d	3/18/2017	3/25/2017
26	1.6.2.1	Lease Equipment Options	1d	3/18/2017	3/19/2017
27	1.6.2.2	Local Purchase Equipment	1d	3/19/2017	3/22/2017
28	1.6.2.3	Bulk Order Remaining Equipment	1d	3/23/2017	3/25/2017
29	1.7	Maintenance Plan	1d	3/25/2017	3/26/2017
30	1.8	<input type="checkbox"/> Daily Operations Plan	4d	3/26/2017	4/3/2017
31	1.8.1	Staffing Plan	2d	3/26/2017	4/1/2017
32	1.8.2	<input type="checkbox"/> Facility Operations	2d	4/1/2017	4/3/2017
33	1.8.2.1	Open/Close Procedures	1d	4/1/2017	4/2/2017
34	1.8.2.2	Sanitation	1d	4/2/2017	4/3/2017
35	1.8.3	Social Media Plan	1d	4/1/2017	4/2/2017
36	1.9	<input type="checkbox"/> Employee(s)	4d	4/2/2017	4/9/2017
37	1.9.1	Management Responsibilities	1d	4/2/2017	4/3/2017
38	1.9.2	Administrative Responsibilities	2d	4/8/2017	4/9/2017
39	1.9.3	Personal Training Responsibilities	1d	4/4/2017	4/7/2017
40	1.9.4	Growth trigger points for new hires	2d	4/8/2017	4/9/2017
41	1.10	<input type="checkbox"/> Project Closeout	9.75d	4/10/2017	4/30/2017
42	1.10.1	Produce Project Report	10h	4/10/2017	4/14/2017
43	1.10.2	Present Project	44h	4/15/2017	4/24/2017
44	1.10.3	Submit Lessons Learned	3d	4/25/2017	4/30/2017

ASSUMPTIONS AND CONSTRAINTS

Assumptions

- Palmer and the Mat-Su Valley will continue to be a growth market for the foreseeable future.
- There are no other similar businesses being constructed in the Palmer area at this time.
- Specific and detailed research data on costs associated with creating a fitness center will be available, either via interview or online.

Constraints

- The Project Management Plan must be completed and approved as part of PM686A and must be executed and complete by the conclusion of PM686B

CHANGE CONTROL MANAGEMENT

Because the project is a solo endeavor, all changes will be handled directly by the Project Manager as needed and will be consolidated in a change log to be appended to the Project upon completion. Changes will not be logged until the Project Management Plan is approved and execution has begun.

Changes will be logged in the Excel Sheet [Fitness AK Change Log.xls](#)

Change Control Log

Because no formal request documentation or approval is needed for changes, I can authorize them immediately if need be. At this point in the project, I have logged a number of changes to my original plan. All are listed in the Excel file referenced above, but I will elaborate on them below.

1. Major Schedule update and revisions (2/4/17)

When planning my project in PM686A, I was unemployed and focused solely on schoolwork and assumed this semester would be the same. I was pleasantly wrong in that regard as I was hired in mid-December to be a Project Manager at MTA in my hometown of Palmer. This significantly changed my availability for executing my project and I had to revise my entire timeline in response to losing the 40 hours a week I was planning to dedicate to the project. My change was to activate the weekends for work time, adding 8 available hours to Saturdays and Sundays, and reducing weekday work time to 2 hours each rather than 8 hours as previously expected. Due to losing nearly half my expected work time, I had to reduce the amount of research time spent on each topic and integrating them into the business plan by half. I was able to reduce the schedule to finish in time for the PM686B requirements in mid-April that the project report be submitted.

2. Project Closeout Tasks added to the schedule (2/4/17)

Prior to the start of PM686B, I could only estimate when the requirements for PM686B would be due and as a result, had to adjust my schedule once the requirements and dates were clear. As a result, I scheduled my project to end execution in mid-April in order to complete the written report and have time for the oral defense as well as the final documentation submissions at the start of May.

3. Added a 3rd deliverable – The PM686B final written report (2/4/17)

I had listed my PMP as a deliverable for PM686A and the business plan as my main deliverable, but needed to list the PM686B requirements as a third separate deliverable for my project.

4. Milestones Updates with PM686B deadlines (2/4/17)

I updated my project's list of milestones in order to incorporate key approval and submission deadlines for PM686B as these will be true points that will determine whether or not my project will continue or not at that point in time.

5. Progress Tracking Log added (2/4/17)

I created a progress tracking log spreadsheet in order to track my main KPI (SPI) over time as it is used to determine if I need to make adjustments to my plan in order to maintain my research and reporting schedule.

6. Integrated Project Updates into PMP (3/2/17)

Based on feedback from the February session of PM686B and advisor feedback, I have integrated necessary project information directly into this PMP in order to make it more of a living document and a better log of everything occurring within my project.

7. Scope reduction of research deliverables, increase to Project Report (3/24/17)

Due to time constraints and an underestimation of the time required to create and revise the project report, scope for researching equipment and operations had to be reduced. A couple less time intensive topics were removed and less time was allocated to equipment research than originally planned in order to meet the time constraints of the project deadlines.

DELIVERABLES

The project will deliver the following:

3. A business plan to open a fitness center with research regarding:
 - Market evaluation and demographics
 - Location costs and Signage
 - Equipment costs
 - Operations costs, Maintenance, and Staffing
 - Marketing Plan and costs to include website
 - Amenities Costs (Wi-Fi, A/V systems, TVs, Tanning Booths, Child care, etc..)
 - Regulations, Insurance, and Permitting
4. A completed and approved Project Management Plan for the Project Management Capstone Course, PM686A.
5. A completed Project written report with monitoring and control data, lessons learned, research data, narrative, and closeout report.

RESEARCH MANAGEMENT

Research Methodology

1. My business partner is a certified personal trainer with a BS in Exercise Science who has opened, managed, and run fitness centers for over a decade in Wasilla and Anchorage. He has also trained hundreds of clients and has a vast working knowledge of the operations of a gym. His knowledge includes:
 - Regulations and requirements for running a fitness center, including safety and security requirements
 - Revenue streams associated with client memberships and add-on packages to create additional sources of revenue including personal training, fitness classes, nutrition coaching, and income amenities such as tanning and child care
 - Daily workings of running a facility, including staffing, sales structures, facility maintenance, equipment maintenance
 - Statistical analysis of sales through memberships and amenities
 - Personal connections with fitness professionals in the Mat-Su and Anchorage areas.

Based on his knowledge, we will be able to frame a basic plan that meets city regulations and can operate at a profitable level once a threshold of membership is met.

2. Due to being future competition, I cannot expect any Matanuska gym owners to divulge working information of their facility. I can reasonably expect a small gym owner in Anchorage to be willing to sit down for an interview about the lessons they've learned owning and operating a gym in Alaska and the unique challenges they've faced. I plan to coordinate an interview or two during PM686B in order to gain firsthand knowledge these business owners possess. If I am unable to arrange such a meeting, I will instead contact business owners outside of Alaska to learn their practices and apply what I can to the economy up here. This knowledge will be implemented into the business plan, specifically related to maintenance and operations costs, and equipment costs depending on what information I am able to learn.

3. Using official website such as the U.S. Government Small Business Administration and local city websites I can find out information regarding requirements and regulations I must meet to open and own a business in the Mat Su Borough. Using these official small business channels, I will research and record key requirements to ensure our business plan accounts for meeting all necessary regulations.

I also plan to research numerous options for acquiring equipment online. There are countless vendors and manufacturers who create fitness equipment. I will look for high quality equipment from vendors with a high reputation, but also must factor in costs for the business plan. Ultimately finding the right solution that fits a future budget is the highest factor, but my research will uncover a few courses of action to follow based on how much funding we can secure in the future. I will use this information in the business plan to more closely estimate future costs of acquiring equipment to fill out a future business location.

4. In order to make an informed decision about pursuing opening a fitness center in the future, I need to gather appropriate market and demographic data about the region I plan to operate in. As a result I will review official channels such as the U.S. Census Bureau for accurate population and demographic data for the Palmer area and the adjacent districts.

I will also research and attempt to acquire market data for the competitors in the area. While actual membership data will be difficult to obtain, I can get accurate information on pricing and see what sort of amenities my competition is offering to ensure I am offering something unique at a competitive price.

Based on this research data, I can make an informed decision whether or not to pursue the business opportunity in this market.

5. Location scouting and costs will have to happen first hand as I'll need to look for specific locations myself and visit local realtors to see what commercial property would run for based on my size requirements. If a fitness center is closing and looking to unload their equipment, this is a cost saving that would be hard to pass up. Between local gym

owners and local realtors, I'll be able to uncover the likelihood of opening a facility in the current economy. I will use this information in the business plan to tailor our presentation for a business loan.

6. I was shown a wealth of sources during the UAA Consortium Library presentation that I intend to pursue regarding the opening of small businesses as well as using ReferenceUSA to find out how many similar businesses are in the area in case some are either new or under the radar. I also plan to review lessons learned on some of the more recently published articles related specifically to fitness centers. I will use this information to assess risks in my business plan as well as apply best practices and lessons learned to the plan.

Data Collection Updates

Location and Market research are all but complete. There's one further price point I need to gather for my final analysis.

Marketing and Web Services research is underway and I'll have a quote from a web services provider for PPM #3.

The interview with Hal and Marvel Lloyd, gym owners in Anchorage took place on March 13th, and this information was added in for PPM #3.

Equipment research was conducted in conjunction with the interview regarding best practices for acquisition and ownership as well as purchase options in the Anchorage area and recommendations of brands.

SCHEDULE/TIME MANAGEMENT

The schedule is broken down into time frames to focus on specific research areas and an estimate of how much time will be spent on each area. Because these time frames are estimates, there's a large chance of variance between all of the scheduled tasks.

Milestones are based on key points of research being complete that will lead to the next phase of research.

MILESTONES

The table below lists the milestones for this project, along with their estimated completion timeframe.

Milestones	Estimated Completion Timeframe
Project Start (PM686A Start)	29 August 2016
Project Draft approved to Continue	26 October 2016
Project Management Plan Completed and Approved	5-6 December 2016
Begin Execution (PM686B Start)	16 January 2017
Location Research Completed	3 March 2017
Project Working Draft approved to Continue	29 March 2017
Business Plan and Project Report Complete	14 April 2017
Present Findings	24-25 April 2017

PROJECT SCHEDULE

The project schedule is located in the Microsoft Project file [FitnessAKProjectProgress.mpp](#). It can also be referenced in section 3.1 Work Breakdown Structure.

COST/BUDGET MANAGEMENT

The costs associated with the project are expected to be minimal due to the nature of the project. Because the project is research focused and a mostly solo endeavor, there are no expected or budgeted costs beyond personal travel expenses during the conduct of research. If any purchases are made during the execution of the project or any notable travel costs are accrued, they will be logged into the project as a documented change.

QUALITY MANAGEMENT

The quality of the deliverables of this project will be assessed by the project advisory team during the course of execution. Upon the completion of research and the documentation of results, the project manager will submit documentation to the project advisory team to ensure it meets academic quality standards

If the project research meets the advisory team standards, it will be filed into the business plan as part of the final deliverable

If the research does not meet quality standards, it must be repeated or expanded and resubmitted. If additional time is needed to do this, the project manager can open up weekends and evening as additional working time as the project is constrained by time and cannot be delayed.

HUMAN RESOURCE MANAGEMENT

The project team consists of the following individuals:

- Project Manager – Erik Hermon
- Business Partner and Exercise Science subject matter expert – James McKinley

The Project Manager is directly responsible for the creation and execution of the Project Management Plan. Members of the project team are not being compensated during this project and neither requires any funded training. There is no anticipated need for additional members of the team during the execution of this project.

COMMUNICATIONS MANAGEMENT

The project manager will have regular communications with identified stakeholders throughout the duration of the project.

The stakeholders for this project are listed in the Stakeholder Register located in [Hermon PM686A Stakeholder Register.xlsx](#). Due to a lack of expected external impact, there are not expected to be any additional stakeholders identified throughout the project. If additional stakeholders are identified they must be added to the Register.

The project advisory team and other key stakeholders will receive reports based on the Communication Matrix in section 8.1 of this document.

The format of communications to the advisory team will be as follows:

- In Person Briefings – Formal updates on the project in the form of a Powerpoint slideshow, a status update (See [One Page PM686A Project Status Report Dashboard.docx](#)), and direct questions and feedback
- Email – A request for feedback on deliverables for the project or a request for information.
- Phone – A request for feedback on deliverables for the project or a request for information or instruction to assist with the completion of the project.

COMMUNICATION MATRIX

Stakeholder	Stakeholder Role	Method	Frequency	Feedback Mechanisms
James McKinley	Business Partner	In Person	Weekly	Directly impacts research conducted and best practices described in business plan
Roger Hull	Project Advisor	In Person, Email, Phone	Weekly	The Project advisory team will be provided project materials as they are completed and contacted for feedback throughout execution
LuAnn Picard	Advisory Team	Phone, Email	Bi-weekly	
Dr. Seong Dae Kim	Advisory Team	Phone, Email	Bi-weekly	

PROJECT PROGRESS AND MEASURABLES

The project will be assessed a success based on the strength of the business plan produced at the conclusion of the project, but getting to that point will require monitoring and controls to ensure a successful product is created. As mentioned in the Quality Management Plan (Section 6), as research is completed and compiled into a section of the business plan, it will be evaluated by the advisory team. The status of the project itself, and the monitoring and controlling of the tasks that need to be researched, is maintained by the Project Manager using the following measurements.

KEY PERFORMANCE INDICATORS

The project lacks a formal budget and as a result cannot be tracked by CPI. As a result, SPI will be the primary measure of the project staying on schedule. Due to the constraint of time placed on the project, the SPI can never fall and stay below 1. If SPI does fall below 1, the Project Manager must immediately identify more time, whether it is weekends or evenings, to add to the project calendar in order to bring SPI back up to 1. If the SPI rises above 1.2, the Project Manager can take advantage of the additional time by adding in supplemental research that will be beneficial to the plan.

SPI will be tracked in the Project Progress Tracker located in [PM686B Progress Tracking.xlsx](#)

CRITICAL SUCCESS FACTORS

In order for the project to be considered a success, a number of Critical Success Factors must be met.

- Research data must be available and accessible. - A successful business plan will be used to raise capital and ultimately open a business. Research must be thorough and complete.
- A productive relationship with the advisory team. – The advisory team has decades of project experience and needs to be engaged regularly to ensure the quality of the project and its processes.

RISK MANAGEMENT

The Risk Register for Fitness AK contains qualitative analysis for potential events that could hinder the project. The lack of a budgeted cost associated with WBS tasks makes quantitative analysis less relevant to the impact of the project. However, if additional hours are added to the schedule as a result of a risk, it will be noted.

RISK LOG

The Risk Register is located in an Excel Spreadsheet file - [Fitness AK Risk Register.xlsx](#)

RISK RESPONSE IMPLEMENTATION

Risk ID 1 – Schedule update required to accommodate for availability change

This risk was to react to an SPI below 1.0 for over 5 days and called for activating weekends and weeknight evenings for additional work time to make up for falling behind schedule. It did not trigger as expected with a prolonged period of time below an SPI of 1.0, rather it was triggered as a preventative measure on my part because a drop below an SPI of 1.0 was guaranteed and irreparable based on the project's previous schedule and work availability. As a result I had to redo the entire schedule from the execution phase on and reduce the amount of time dedicated to tasks in order to fit into a schedule that will complete at the set PM686B deadline.

The schedule was updated and SPI remains at 1.0 to this point, but this risk must continue to be monitored and more work time may need to be added to the calendar in order to accommodate an SPI below 1.0 if that occurs.

Risk ID 8 – Opportunity found regarding Web Services research

This opportunity was found by meeting a coworker at my current job that is starting a web services development company and can help build the web platform for my project if creating the business turns out to be the recommended decision. My coworker is looking to build up her portfolio before launching her own business and would offer me services and education much quicker than I could research or find on my own. I cannot completely measure the impact of this opportunity yet as I'm just now getting into the web services research block, but I estimate it will gain me a day that I can apply to another section of my project.

Risk ID 9 – Underestimation of time to complete deliverables

The project plan originally called for only 10 hours to complete the project report which was a gross underestimation based on the work involved with that deliverable. Scope was reduced in the subsequent research areas still to take place after the project report deliverable is due. The schedule was readjusted to account for the project report deadline.

Appendix A: Project Management Plan Approval

The undersigned acknowledge they have reviewed the Fitness AK **Project Management Plan** and agree with the approach it presents. Changes to this **Project Management Plan** will be coordinated with and approved by the undersigned or their designated representatives.

Signature: _____ Date: _____
Print Name: _____
Title: _____
Role: _____

Signature: _____ Date: _____
Print Name: _____
Title: _____
Role: _____

Signature: _____ Date: _____
Print Name: _____
Title: _____
Role: _____

APPENDIX B: REFERENCES

The following table summarizes the documents referenced in this document.

Document Name and Version	Description	Location
sba.gov	The Small Business Administration website with information for starting a business, loans available, and costs.	www.sba.gov
U.S. Census website	For demographic data, population data, and age data	www.census.gov
Mat-Su Borough government site	For data and maps on the Borough, to include more accurate local population estimates	www.matsugov.us
Club Industry Articles	Bruce Carter, president of a design firm for fitness centers, published a series of articles regarding costs of building and renovating fitness centers.	clubindustry.com/author/bruce-carter-contributing-columnist
On Site Research	Visited clubs in the Palmer and Wasilla area to learn about their offerings and prices	Palmer-Wasilla area

Appendix D – Risk Register

RISK REGISTER									
Project Name:		Fitness AK							
Project Manager Name:		Erk Hermon							
Project Description:		Create a business plan to open a fitness center							
ID	WBS Task	Status	Risk Impact	Probability of Occurrence	Risk Map	Risk Description	Project Impact	Risk Area	
1	I1	Closed	High	Low	Closed	Research for the project could take longer than expected, causing delays in the project and being unable to complete it by the end of PM686B	If the Project Manager cannot keep the research on schedule, it could lead to a failed project and a repeat of the course.	Schedule	
2	12, 13, 14, 15, 16, 17, 18, 19	Closed	Medium	Low	Closed	The PM is unable to find a gym owner willing to consent to an interview regarding their business and best practices learned.	The business plan will lack first hand knowledge from a business owner in the same field and their lessons learned.	Data/Information	
3	121	Closed	Medium	Low	Closed	Demographic data may not be timely depending on the last census	Assessments based on demographics would have to be made on estimates rather than data	Data/Information	
4	122	Closed	Medium	Medium	Closed	Unable to gather useful data regarding other fitness centers in the Palmer Area	The business plan would lack comparisons to other local businesses	Business	
5	131	Closed	Medium	Low	Closed	Discovering the regulations for owning a gym change significantly based on city limits, nearby districts, or other unforeseen barriers	The time to research and compare regulations would significantly increase if I had to talk to multiple offices	Business	
6	132	Closed	High	Low	Closed	Unable to find a feasible location to rent and renovate for the fitness center in the Palmer area	The project would have to carry on assuming a land purchase and new construction, or halted altogether	Overall Project Failure	
7	151161 16211822, 191192	Closed	Low	Low	Closed	Lack of information found in a timely manner	The business plan assessment would be lacking due to incomplete or inconclusive data	Data/Information	
8	15	Closed	Low	High	Closed	An opportunity to work in person with a web developer was discovered and will save me time and effort on finding information related to setting up a web platform	Once I have obtained the information from the web developer, I will adjust my schedule to reflect gained time.	Data/Information	
9	12, 13, 14, 15, 16, 17, 18, 19	Closed	High	Medium	Closed	The PM underestimates the time necessary for deliverables in the project and has to reduce scope to compensate for additional time	Scope will be reduced in research areas that are not yet complete in order to maintain the time constraint of the project	Schedule	

RISK REGISTER				
Project Name:	Fitness AK			
Project Manager Name:	Erik Hermon			
Project Description:	Create a business plan to open a fitness center			
Symptoms	Triggers	Risk Response Strategy	Response Strategy	Contingency Plan
SPI drops below 1.0 and isn't recovered within 5 days	SPI stays below 1.0 for over 5 days and the PIM cannot make up the time necessary to get back on schedule	Mitigation	Whenever SPI drops below 1.0, the PIM puts in extra time on weekends and evenings to get back on schedule	
Local gym owners in Anchorage are unwilling or unable to sit down for a meeting	Local gym owners decline a meeting and no small business owners found online are willing to participate in a phone interview	Acceptance	While it is unlikely, in the event all gym owners contacted refuse to participate, the PIM will simply have to extrapolate best practices from other sources	
U.S. Census data is more than 5 years old	U.S. Census data is more than 5 years old	Mitigation	Extrapolate census data based on the change rate from the previous two reporting periods	
Local gyms are not forthcoming with their pricing data or options	2 local gyms provide little or unreliable data	Acceptance	Data for other gyms would have to be estimated and assessments based on them would ultimately be guesses.	
The City of Palmer cannot offer information on anything outside of city limits	The City of Palmer cannot offer information on anything outside of city limits	Contingency	Add additional research time for business regulations and add additional work time to re-balance the schedule.	
Unable to find anywhere within Palmer city limits to rent and renovate that fits the size requirements	Unable to find anywhere nearby Palmer to rent and renovate that fits the size requirements	Acceptance	Contact multiple realty agents to ensure we've exhausted all options, then make a decision on the project	
Both in person and online research only results in vague or incomplete information	Both in person and online research only results in vague or incomplete information	Mitigation	Aggressively find business owners to interview and utilize the UAA Consortium Library resources to reach out for more accurate sources	
Meet a web developer in person to assist with my project	Meet a web developer in person to assist with my project	Acceptance	Save time by relying on expert advice	
Time taken to create a project deliverable takes more than 20% longer than estimated	Time taken to create a project deliverable takes more than 20% longer than estimated	Mitigation	Reduce scope in less critical areas of research in order to ensure project deliverables are completed on time	

Appendix E – Web Services Quote



PROJECT ESTIMATE

Fitness AK (Erik Hermon)

Any items can be added, removed, or otherwise changed.

Item	Description and Notes	Price
New Site	<ul style="list-style-type: none"> Domain creation and registration, email setup for 5 accounts with the new domain name. <i>Domain needs to be renewed yearly: \$10*.</i> 	\$28.00
Hosting	<ul style="list-style-type: none"> Don't worry about setting up the domain, purchasing hosting, downtime, and save money on site movement. 	\$95.88*
Basic Package	<ul style="list-style-type: none"> Dynamic website, branded to match current logo and identity. Several features added to make the interface more easy to use including child page navigation, duplication, and familiar text editing tools. Content placed on up to 10 pages, including contact forms (2), graphic slider, gallery, and any textual content or files from any old site or current marketing material. Search engine optimization and analytics straight from google. Up to 10 users created for the site. Up to 5 graphics are created, as well as a banner for the next holiday, sale, or event after the site opening. Added security by closing standard loopholes that are known to hackers, limit login attempts, add extra protection to your site from Wordfence <i>Get even more security, automatic daily backups, and/or an SSL certification with subscriptions to premier security services and/or hosting through Katalyst. (varied)</i> 	\$1500.00
SSL Certificate	Secure socket layer – add piece off mind to any user purchasing items from your site by changing your site from http to https. <i>(mandatory for ecommerce sites through Transcendent Digital Solutions)</i>	\$72.50*
Ecommerce (physical)	<ul style="list-style-type: none"> Base installation of e-commerce toolkit that helps you sell anything. 	\$90.00
Sell memberships	<ul style="list-style-type: none"> Create recurring payments 	\$229.00*
Product comparison	<ul style="list-style-type: none"> allow your potential customers to easily compare products within your store 	\$109.00*
Recommendation Engine	<ul style="list-style-type: none"> Allow you to configure Netflix and Amazon style product suggestions for your customers. 	\$109.00*
Barcodes	<ul style="list-style-type: none"> WooCommerce Order Barcodes generates unique barcodes for every order placed on your site. These barcodes can be used on e-tickets, e-reservations, packing slips or anything else that would benefit from having a scannable barcode attached to it. 	\$109.00*
Dynamic Pricing	<ul style="list-style-type: none"> bulk discounts, role-based pricing and much more 	\$109.00*
Enable WC Deposits	<ul style="list-style-type: none"> enable customers to pay for products using a deposit or a payment plan 	\$109.00*
Product Bundles	<ul style="list-style-type: none"> Allow customers to define the product bundle. 	\$109.00*
Reward points and rewards	<ul style="list-style-type: none"> reward your customers for purchases and other actions with point which can be redeemed for discounts 	\$159.00*
Sell Bookings	<ul style="list-style-type: none"> Sell your time or date based bookings! Perfect for those wanting to offer appointments, services or rentals. 	\$279.00*
POS	<ul style="list-style-type: none"> A simple front-end for taking WooCommerce orders at the Point of Sale. 	\$108.00*
Subscriptions	<ul style="list-style-type: none"> Create recurring, automatic payments. 	\$199.00*
Legal Signatures	<ul style="list-style-type: none"> Ensure that you have legal signatures on forms, products, and more. <ul style="list-style-type: none"> Lifetime Upgrade: 399.00 	\$249.00
Composite Goods	<ul style="list-style-type: none"> Offering dynamic product kits made up of multiple components, such as custom computers, skateboards, gift-boxes and made-to-order jewelry. 	\$109.00*

Cost of goods	<ul style="list-style-type: none"> • Add what each product costs 	\$109.00*
Drop Ship Merchandise	<ul style="list-style-type: none"> • Set up a connection between the Printful dropship site directly into your store so your customers can order products, and never have to worry about inventory. 	\$90.00
Internal Newsletter	<ul style="list-style-type: none"> • A full, all in one newsletter that drives your audience back to your site. Create custom lists to give consumers only the information they want, and allow them to keep track of which list(s) they are on. Create fully responsive, attractive newsletters, all within the same system as the rest of your needs 	\$90.00
Manage and Checkout resources	<ul style="list-style-type: none"> • Catalog your books and other resources with a very basic check out system, built specifically for COLISC. It will be able to manage not only the information about the item, but if the item is checked out, and who it is checked out to. 	\$100.00
CS Chat	<ul style="list-style-type: none"> • Add instant chat to your website. 	\$30.00
Support Ticket System	<ul style="list-style-type: none"> • Keep track of help tickets and issues from customers and visitors. Integrated with the products you sell. 	\$89.99*
License management for	<ul style="list-style-type: none"> • Keep track internally of items and equipment that you have rented, or bought, their licenses, warranty, contact information, and more. (Custom built), 	\$150.00
Social Media	<ul style="list-style-type: none"> • Connect your site to all of your social media sites with share buttons, like buttons, for each of the sites with an attractive display of options on the page, and with each post. Be able to automatically publish any post to any of your social media sites, even groups and pages on Facebook. 	\$67.50
Support	<ul style="list-style-type: none"> • 1 month support, includes not only issues, but instruction, retraining and clarification on any function or questions pertaining to any function on the site. Also includes check in calls. Optional upgrades (renewable): <ul style="list-style-type: none"> ○ 3 month - +250 ○ 6 month - +450 ○ 1 year - +650 	\$100.00
Subtotal without extensions:		\$4778.87
Annual thereafter		\$1,723.37*

**all items include installation and setup fees. Annual costs do not include such fees.*